

PROPERTY AND CASUALTY INSURANCE GUARANTY CORPORATION
305 WASHINGTON AVE. SUITE 600
TOWSON, MARYLAND 21204-6304
08/02/1993

NOTICE AND INVOICE FOR ASSESSMENT APPROVED AT THE ANNUAL
MEETING OF THE BOARD OF DIRECTORS ON JUNE 8, 1993

BILLING FOR :	AMERICAN DRUGGISTS	MIDLAND INS CO
	AMERICAN MUTUAL INS	MISSION INS CO
	AMERICAN MUTUAL LIAB	TRANSIT CASUALTY
	CARRIERS INS CO	WESTMORELAND CASUALTY
	IDEAL MUTUAL	MISSION NATIONAL
	MARYLAND INDEMNITY INS	ROCKWOOD
		WESTERN EMPLOYERS

THE PRESIDENT
PHICO INSURANCE COMPANY
ONE PHICO DRIVE
P.O. BOX 85
MECHANICSBURG

NAIC NO: 35718

PA 17055

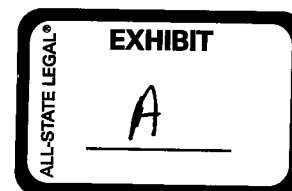
ACCOUNT NUMBER	1992 NET DIRECT MARYLAND PREMIUMS	RATE OF ASSESSMENT	AMOUNT OF ASSESSMENT
03 WORKERS COM	\$2,320,293	0.011910	\$27,635
		TOTAL DUE	<u>\$27,635</u>

\$13,817 IS DUE ON OR BEFORE AUGUST 30, 1993
\$13,818 IS DUE ON OR BEFORE DECEMBER 1, 1993

PLEASE MAKE CHECKS PAYABLE TO THE CORPORATION.
RETAIN ORIGINAL COPY FOR YOUR RECORDS AND
RETURN ONE COPY WITH REMITTANCE.

Pd. 8/25/93
ck. #48801
\$13,817.00

Pd. 11/23/93
ck. #51694
\$13,818.00



Property & Casualty Insurance
GUARANTY CORPORATION

TO : All Member Insurers of the Property & Casualty Insurance Guaranty Corporation who, in the year 1992, were licensed to transact business in the State of Maryland.

FROM : The Board of Directors of the Property & Casualty Insurance Guaranty Corporation

SUBJECT : Assessment

DATE: : August 3, 1993

ENCLOSURE : Notice of Billing (in duplicate)

The Board of Directors of the Property & Casualty Insurance Guaranty Corporation, at the Annual Meeting held on June 8, 1993, unanimously voted an assessment for Four Million Two Hundred Thousand (\$4,200,000) Dollars, of member companies in accordance with Article 48A, Section 508 (a) (3) of the Maryland Annotated Code and Article VIII, Section (C) (Plan of Operation) of the By-Laws of the Property & Casualty Insurance Guaranty Corporation.

The total amount currently being billed is Four Million Two Hundred Thousand (\$4,200,000) Dollars.

The percentage for each account as set out by Article 48A Section 506 (d) of the Maryland Annotated Code is as follows:

(01)	Title	(0%)
(02)	Motor Vehicle	(0%)
(03)	Workers' Compensation	(100%)
(04)	All Other	(0%)

<u>Account</u>	<u>Amount of Assessment</u>	<u>1992 Net Direct Premium Written</u>	<u>Rate of Assessment</u>
Workers' Comp.	\$4,200,000	\$352,896,882	.011910

As set out in the Property & Casualty Insurance Guaranty Corporation Plan of Operation, Article VIII (E) (5), it is understood that the minimum assessment for any one member company shall not be less than \$10.00.

305 Washington Avenue, Suite 600
 Towson, Maryland 21204-6304
 (410) 296-1620
 Fax (410) 828-1265

(2)

The Current Billing is due and payable within thirty (30) days from the date of the "Notice of Billing". Another billing will be due on December 1, 1993.

Make checks payable to:

Property & Casualty Insurance Guaranty Corporation

Mail same to:

305 Washington Avenue Suite 600
Towson, Maryland 21204-6304

Please retain the original of the "Notice of Billing". Please make a copy of the "Notice of Billing" and return it with your remittance.

Thank you for your cooperation.

PROPERTY AND CASUALTY INSURANCE GUARANTY CORPORATION
305 WASHINGTON AVENUE, SUITE 600
TOWSON, MARYLAND 21204-4715

August 15, 1994

THE PRESIDENT
PHICO INSURANCE COMPANY
ONE PHICO DRIVE
P.O. BOX 85
MECHANICSBURG

NAIC NUMBER : 35718

PA 17055

NOTICE AND INVOICE FOR ASSESSMENT APPROVED AT THE ANNUAL
MEETING OF THE BOARD OF DIRECTORS ON JUNE 14, 1994

BILLING FOR : AMERICAN DRUGGISTS
AMERICAN MUTUAL OF BOSTON
AMERICAN MUTUAL LIABILITY
CARRIERS INS CO
IDEAL MUTUAL
MARYLAND INDEMNITY INS
EMPLOYER'S CASUALTY

MIDLAND INS CO
MISSION INS CO
TRANSIT CASUALTY
WESTMORELAND CASUALTY
CONSOLIDATED MUTUAL
ROCKWOOD
WESTERN EMPLOYERS

<u>ACCOUNT NUMBER</u>	<u>1993 NET DIRECT MARYLAND PREMIUMS</u>	<u>RATE OF ASSESSMENT</u>	<u>AMOUNT OF ASSESSMENT</u>
03 WORKER'S COMP	\$724,736.00	0.011308	\$8,195.31 ✓

\$8,195.31 IS DUE ON OR BEFORE SEPTEMBER 15, 1994.

PLEASE MAKE CHECKS PAYABLE TO THE CORPORATION.

RETAIN ONE COPY FOR YOUR RECORDS AND RETURN ONE COPY WITH REMITTANCE.

2d. \$8,195.31
check # 61465
9/8/94

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Property & Casualty Insurance
GUARANTY CORPORATION

TO: All Member Insurers of the Property & Casualty Insurance Guaranty Corporation who, in the year 1993, were licensed to transact business in the State of Maryland.

FROM: The Board of Directors of the Property & Casualty Insurance Guaranty Corporation

SUBJECT: Assessment

DATE: August 15, 1994

ENCLOSURE: Notice of Billing

The Board of Directors of the Property & Casualty Insurance Guaranty Corporation, at the Annual Meeting held on June 14, 1994, unanimously voted an assessment for Four Million Dollars (\$4,000,000), of member companies in accordance with Article 48A, Section 508 (a) (3) of the Maryland Annotated Code and Article VII, Section (C) (Plan of Operation) of the by-Laws of the Property & Casualty Insurance Guaranty Corporation.

The total amount currently being billed is Four Million Dollars (\$4,000,000).

The percentage for each account as set out by Article 48A, Section 506 (d) of the Maryland Annotated Code is as follows:

(01)	Title	(0%)
(02)	Motor Vehicle	(0%)
(03)	Workers' Compensation	(100%)
(04)	All Other	(0%)

<u>ACCOUNT</u>	<u>AMOUNT OF ASSESSMENT</u>	<u>1993 NET DIRECT WRITTEN PREMIUM</u>	<u>RATE OF ASSESSMENT</u>
Workers' Comp.	\$4,000,000	\$353,761,860	.011308

As set out in the Property & Casualty Insurance Guaranty Corporation Plan of Operation, Article VIII (E) (5), it is understood that the minimum assessment for any one member company shall not be less than \$10.00.

305 Washington Avenue, Suite 600
 Towson, Maryland 21204-4715
 (410) 296-1620
 Fax (410) 828-1265

The current billing is due and payable within thirty (30) days from the date of the "Notice of Billing."

Make checks payable to:

Property & Casualty Insurance Guaranty Corporation

Mail same to:

Suite 600
305 Washington Avenue
Towson, Maryland 21204-4715

Please retain the original of the "Notice of Billing." Please make a copy of the "Notice of Billing" and return it with your remittance.

Thank you for your cooperation.

MEMO TO: FILE

FROM: DEB PRICE

DATE: DEC. 16, 1996

RE: ASSESSMENT

There was *no assessment* made for the year *1995*.

MEMO TO: FILE

FROM: DEB PRICE

DATE: DEC. 16, 1996

RE: ASSESSMENT

There was *no assessment* made for the year *1996*.

MEMO TO: File

FROM: Deborah Price

DATE: September 8, 1998

RE: Server

There was *no assessment* made for the year 1997.

33. MARYLAND INSURANCE GUARANTY ASSOCIATION

§ 504. Purposes and scope of subtitle.

(b) *Scope.* — This subtitle shall apply to all kinds of direct insurance, except life insurance, health insurance, and annuities. On July 1, 1975 all of the assets and obligations of every type and description of the Motor Vehicle Security Fund as of the close of business on June 30, 1975 shall be transferred to the Maryland Insurance Guaranty Association and administered through the appropriate accounts under § 506 of this subtitle. On July 1, 1981, all the assets and obligations of every type and description of the Workmen's Compensation Insolvency Fund at the close of business on June 30, 1981 shall be transferred to the Maryland Insurance Guaranty Association and administered through the appropriate account under § 506 of this subtitle. (1981, ch. 599.)

Effect of amendment. — The 1981 amendment, effective July 1, 1981, in subsection (b), deleted "workmen's compensation insurance" following "health insurance" in the first sentence, deleted commas following "1975" twice in the second sentence, and added the last sentence.

As the remainder of the section was not affected by the amendment, it is not set forth above.

Association is agency or instrumentality of State within scope of Public Information Act. — The Maryland Insurance Guaranty Association's existence depends upon the General Assembly; it serves a public purpose,

its management is selected by the Commissioner, and is not self-perpetuating; it does not independently manage its affairs or enforce its regulations; its decisions may be reversed by the Commissioner; and it enjoys a special tax and liability status such that, although the State does not exercise control over all aspects of MIGA's operation, nevertheless, the degree of control exercised by the State over MIGA's operation indicates that MIGA is an agency or instrumentality of the State within the scope of the Public Information Act. A.S. Abell Publishing Co. v. Mezzanote, 297 Md. 26, 464 A.2d 1068 (1983).

§ 505. Definitions.

As used in this subtitle:

(c) "*Covered claims*" means obligations, including unearned premiums, of an insolvent insurer which (1) arise out of the insurance policy contracts of the insolvent insurer issued to residents of this State or which are payable to residents of this State on behalf of insureds of the insolvent insurer, (2) were unpaid by the insolvent insurer, (3) are presented as a claim to the receiver in this State or the Association on or before the last date fixed for the filing of claims in the domiciliary delinquency proceedings, (4) were incurred or existed prior to, on, or within 30 days after the date the receiver was appointed, and (5) arise out of policy contracts of the insolvent insurer issued for the kinds of insurance to which this subtitle applies. "Covered claim" does not include any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise. No insurer shall assert a claim of subrogation against an insured of an insolvent company but may assert any claim it may have against the receiver of the insolvent insurer.

(d) "*Insolvent insurer*" means (1) an insurer authorized to transact insurance in this State either at the time the policy was issued or when the insured event occurred, and (2) against whom a final order of liquidation, with a finding of insolvency, has been entered by a court of competent jurisdiction in the insurer's state of domicile. (1979, chs. 232, 437.)

Effect of amendments. — Chapter 437, Acts 1979, effective July 1, 1979, added the last sentence in paragraph (c). Chapter 232, Acts 1979, effective July 1, 1979, rewrote clause (2) in paragraph (d).

As the remainder of the section was not affected by the amendments, only the introductory paragraph and paragraphs (c) and (d) are set forth above.

Quoted in A.S. Abell Publishing Co. v. Mezzanote, 297 Md. 26, 464 A.2d 1068 (1983).

§ 506. Association created; membership; division into separate accounts.

There is created a nonprofit unincorporated legal entity to be known as the Maryland Insurance Guaranty Association. All insurers defined as member insurers in § 505 (e) shall be and remain members of the Association as a condition of their authority to transact insurance in this State. The Association shall perform its functions under a plan of operation established and approved under § 509 and shall exercise its powers through a board of directors established under § 507. For purposes of administration and assessment, the Association shall be divided into six separate accounts: (1) the title insurance account; (2) the surety insurance account; (3) wet marine and transportation insurance account; (4) motor vehicle insurance account; (5) the workmen's compensation account; and (6) the account for all other insurance to which this subtitle applies. (1971, ch. 703, § 1; 1975, ch. 651, § 2; ch. 764; 1981, ch. 599.)

Effect of amendment. — The 1981 amendment, effective July 1, 1981, in the last sentence, substituted "six" for "five," inserted item (5) and redesignated former item (5) as item (6).

Association is agency or instrumentality of State within scope of Public Information Act. — The Maryland Insurance Guaranty Association's existence depends upon the General Assembly; it serves a public purpose, its management is selected by the Commissioner, and is not self-perpetuating; it does not independently manage its affairs or enforce its regulations; its decisions may be reversed by

the Commissioner; and it enjoys a special tax and liability status such that, although the State does not exercise control over all aspects of MIGA's operation, nevertheless, the degree of control exercised by the State over MIGA's operation indicates that MIGA is an agency or instrumentality of the State within the scope of the Public Information Act. A.S. Abell Publishing Co. v. Mezzanote, 297 Md. 26, 464 A.2d 1068 (1983).

Association is not maintained by the State. National Grange Mut. Ins. Co. v. Pinkney, 284 Md. 694, 399 A.2d 877 (1979).

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31, ch. 599; 1986, chs.

Effect of amendments. — Chapter 161, Acts 1986, effective July 1, 1986, deleted "to assist in the detection and prevention of insurer insolvencies" in paragraph (1) of subsection (a) as designated herein and substituted "Property and Casualty Insurance Guaranty Corporation" for "Maryland Insurance Guaranty Association" in the subtitle 33 heading, and substituted "Property and Casualty Insurance Guaranty Corporation" for "Maryland Insurance Guaranty Association" twice in subsection (b).

Chapter 440, Acts 1986, approved May 6, 1986, and effective from date of passage, designated the provisions of subsection (a) as paragraph (1), inserted "residents of Maryland who are" and "including surety, which has become insolvent" and deleted "because of the insolvency" following "policyholders" therein, and added paragraph (2).

Editor's note. — Section 2, ch. 440, Acts 1986, provides that "any amounts in the surety insurance account and the wet marine and transportation account on July 1, 1985 shall be transferred to the account for all other insurance created under § 506 (d) (3) of Article 48A of the Code by this act."

Maryland Law Review. — For article, "Survey of Developments in Maryland Law, 1983-84," see 44 Md. L. Rev. 282 (1985).

Legislature intended that Association take over function of the Motor Vehicle Security Fund beginning on July 1, 1971. 57 Op. Att'y Gen. 306 (1972).

Association is agency or instrumentality of State within scope of Public Information Act. — The Maryland Insurance Guaranty Association's existence depends upon the General Assembly; it serves a public purpose, its management is selected by the Commissioner, and is not self-perpetuating; it does not independently manage its affairs or enforce its regulations; its decisions may be reversed by the Commissioner; and it enjoys a special tax and liability status such that, although the State does not exercise control over all aspects of MIGA's operation, nevertheless, the degree of control exercised by the State over MIGA's operation indicates that MIGA is an agency or instrumentality of the State within the scope of the Public Information Act. A.S. Abell Publishing Co. v. Mezzanote, 297 Md. 26, 464 A.2d 1068 (1983).

§ 505. Definitions.

As used in this subtitle:

(a) "Account" means any one of the four accounts created by § 506 of this subtitle.

(b) "Association" means the Property and Casualty Insurance Guaranty Corporation created under § 506 of this subtitle.

(c) (1) "Covered claims" means obligations, including unearned premiums, of an insolvent insurer which:

(i) 1. Arise out of the insurance policy contracts of the insolvent insurer issued to residents of this State or which are payable to residents of this State on behalf of insureds of the insolvent insurer; or

2. Arise out of surety bonds issued by the insolvent insurer for the protection of third parties, who are residents of this State;

(ii) Were unpaid by the insolvent insurer;

(iii) Are presented as a claim to the receiver in this State or the Association on or before the last date fixed for the filing of claims in the domiciliary delinquency proceedings;

(iv) 1. Except for surety bond claims, were incurred or existed prior to, on, or within 30 days after the determination of insolvency; or

2. For surety bond claims arising under surety bonds issued by a domestic insurer were incurred or existed prior to, on, or within 18 months after the determination of insolvency, whether or not the surety bonds are issued for no stated period or for a stated period; and

(v) Arise out of policy contracts or surety bonds of the insolvent insurer issued for the kinds of insurance to which this subtitle applies.

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- Section 2, ch. 440, Acts
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transferred to the account for all other insur-
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of the Code by this act."

Legislature intended that Maryland Ins-
urance Guaranty Association Act be ap-
plied retrospectively, insofar as claims aris-
ing from insured events which occurred prior
to July 1, 1971 are to be considered "covered
claims" as defined by paragraph (c). 57 Op.
Att'y Gen. 306 (1972).

Maryland Automobile Insurance Fund is
properly regarded as "member insurer" of
the Maryland Insurance Guaranty Associa-
tion. 60 Op. Att'y Gen. 394 (1975).

Quoted in A.S. Abell Publishing Co. v.
Mezzanote, 297 Md. 26, 464 A.2d 1068 (1983).

Stated in Maryland Ins. Guar. Ass'n v.
Muhl, 66 Md. App. 359, 504 A.2d 637 (1986).

§ 506. Corporation created; membership; division into sep- arate accounts.

(a) *Creation.* — There is created a private, nonprofit, nonstock corporation
which shall be known as the Property and Casualty Insurance Guaranty
Corporation.

(b) *Members.* — All insurers defined as member insurers in § 505 (e) of this
subtitle shall be and remain members of the Corporation as a condition of
their authority to transact insurance in this State.

(c) *Plan of operation; directors.* — The Corporation shall perform its func-
tions under a plan of operation established and approved under § 509 of this
subtitle and shall exercise its powers through a board of directors established
under § 507 of this subtitle.

(d) *Accounts.* — For purposes of administration and assessment, the Corpo-
ration shall be divided into four separate accounts: (1) the title insurance
account; (2) the motor vehicle insurance account; (3) the workmen's compensa-
tion account; and (4) the account for all other insurance to which this subtitle
applies.

(e) *Powers, privileges and immunities of corporation.* — Except as other-
wise provided in this subtitle, the Corporation has all the powers, privileges,
and immunities including perpetual existence, granted by the applicable pro-
visions of the Corporations and Associations Article.

(f) *Corporation not deemed department, unit, agency, etc. of State.* — The
Corporation is not and may not be deemed a department, unit, agency, or
instrumentality of the State for any purpose. All debts, claims, obligations,
and liabilities of the Corporation, whenever incurred, shall be the debts,
claims, obligations, and liabilities of the Corporation only and not of the State,
its agencies, instrumentalities, officers, or employees. The Corporation
moneys may not be considered part of the General Fund of the State. The
State may not budget for or provide General Fund appropriations to the Cor-
poration, and the debts, claims, obligations, and liabilities of the Corporation
may not be considered to be a debt of the State or a pledge of its credit. (1971,
ch. 703, § 1; 1975, ch. 651, § 2; ch. 764; 1981, ch. 599; 1986, chs. 161, 440.)

Effect of amendments. — Chapter 161,
Acts 1986, effective July 1, 1986, designated
the provisions of the section as subsection (a),
inserted "private, nonprofit, nonstock corpora-
tion which shall" and substituted "Property

Casualty Insurance Guaranty Corporation" for
"Maryland Insurance Guaranty Association"
in the first sentence therein, substituted "Cor-
poration" for "Association" in subsections (b)
through (d) as designated herein, made

[Ch. 649

MARVIN MANDEL, Governor

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(A) EACH LIFE INSURANCE POLICY OR ANNUITY CONTRACT SUBJECT TO THIS SUBTITLE SHALL HAVE ATTACHED OR PROMINENTLY PRINTED ON THE FACE OF THE POLICY OR CONTRACT THE FOLLOWING INFORMATION:

(1) A NOTICE TO THE POLICYHOLDER THAT, DURING THE PERIOD OF TEN DAYS FROM THE DATE THE POLICY OR CONTRACT IS DELIVERED TO THE POLICYHOLDER, IT MAY BE SURRENDERED TO THE INSURER FOR CANCELLATION, AND A PRO RATA PREMIUM FOR THE UNEXPIRED TERM OF THE POLICY SHALL BE RETURNED TO THE POLICYHOLDER. THE NOTICE SHALL BE GIVEN TO THE INSURER IN WRITING; OR

(2) A NOTICE TO THE POLICYHOLDER WHICH IS SIMILAR TO THE NOTICE CONTAINED IN PARAGRAPH (1) AND WHICH, IN THE OPINION OF THE COMMISSIONER, IS NOT LESS FAVORABLE TO THE POLICYHOLDER.

(B) THIS SECTION SHALL NOT APPLY TO POLICIES OR CONTRACTS ISSUED TO AN EMPLOYEE IN CONNECTION WITH THE FUNDING OF A PENSION, ANNUITY OR PROFIT SHARING PLAN, QUALIFIED OR EXEMPT UNDER SECTION 401, 403, 404 OR 501 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1954 IF PARTICIPATION IN THE PLAN IS A CONDITION OF EMPLOYMENT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1975.

Approved May 15, 1975.

CHAPTER 651

(House Bill 148)

AN ACT concerning

Insurance - Motor Vehicle Security Fund

FOR the purpose of abolishing the Motor Vehicle Security Fund and transferring its assets, claims, and duties to the Maryland Insurance Guaranty Association; clarifying definitions; eliminating the requirement that board selections for the Association be submitted to the Insurance Commission; eliminating the requirement that the Insurance Commissioner be and remain a member of the Board of Directors of the Maryland Insurance Guaranty Association and be its Chairman; and correcting certain language.

ALL-STATE LEGAL®

EXHIBIT

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2998

LAWS OF MARYLAND

[Ch. 651

BY repealing

Article 48A - Insurance Code
 Section 482A
 Annotated Code of Maryland
 (1972 Replacement Volume and 1974 Supplement)

TO THE MARYLA
 ADMINISTERED
 SECTION 506 OF

505.

BY repealing and re-enacting, with amendments,

Article 48A - Insurance Code
 Section 504(b), 505(c), 506, 507(a) and (c),
 508(a)(1) and 509(c)
 Annotated Code of Maryland
 (1972 Replacement Volume and 1974 Supplement)

As used in

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 482A of Article 48A - Insurance Code, of the Annotated Code of Maryland (1972 Replacement Volume and 1974 Supplement) be and it is hereby repealed.

(c) ["Co including one and is within t applicable lin subtitle applie becomes an ins the claimant or the time of t which the claim State. "Cover any reinsurer, association, as "COVERED CLAIM PREMIUMS, OF AN THE INSURANCE ISSUED TO RESID RESIDENTS OF TH INSOLVENT INSU INSURER, (3) AF THIS STATE OR FIXED FOR THE DELINQUENCY PE PRIOR TO, ON, C RECEIVER WAS CONTRACTS OF TH OF INSURANCE CLAIM" DOES NO INSURER, INSU SUBROGATION REC

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There is c entity to be Association. § 505(e) shall as a conditi in this State functions und approved under through a bo For purposes Association s accounts: (1) surety insu transportation

SECTION 2. AND BE IT FURTHER ENACTED, That Sections 504(b), 505(c), 506, 507(a) and (c), 508(a)(1) and 509(c) of Article 48A - Insurance Code, of the Annotated Code of Maryland (1972 Replacement Volume and 1974 Supplement) be and they are hereby repealed and re-enacted, with amendments, to read as follows:

Article 48A - Insurance Code

504.

(b) This subtitle shall apply to all kinds of direct insurance, except life insurance, health insurance, workmen's compensation insurance[, annuities, and Motor Vehicle Security Fund covered under § 482A of Article 48A. The present Motor Vehicle Security Fund as a preassessment fund will be phased out of existence as its current funds are depleted and its functions shall be assumed by the appropriate account.] AND ANNUITIES. [[ON JULY 1, 1975, ALL OF THE ASSETS OF EVERY TYPE AND DESCRIPTION, HELD BY OR FOR THE BENEFIT OF THE MOTOR VEHICLE SECURITY FUND AS OF THE CLOSE OF BUSINESS ON JUNE 30, 1975, SHALL BE TRANSFERRED TO THE CREDIT OF THE MARYLAND INSURANCE GUARANTY ASSOCIATION. ALL CLAIMS AGAINST THE MOTOR VEHICLE SECURITY FUND AS OF JUNE 30, 1975 SHALL BE TRANSFERRED TO AND BECOME CLAIMS AGAINST THE MARYLAND INSURANCE GUARANTY ASSOCIATION.]] ON JULY 1, 1975, ALL OF THE ASSETS AND OBLIGATIONS OF EVERY TYPE AND DESCRIPTION OF THE MOTOR VEHICLE SECURITY FUND AS OF THE CLOSE OF BUSINESS ON JUNE 30, 1975, SHALL BE TRANSFERRED

[Ch. 651

MARVIN MANDEL, Governor

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TO THE MARYLAND INSURANCE GUARANTY ASSOCIATION AND
ADMINISTERED THROUGH THE APPROPRIATE ACCOUNT UNDER
SECTION 506 OF THIS SUBTITLE.

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As used in this subtitle:

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(c) ["Covered claim" means an unpaid claim, including one of unearned premiums, which arises out of and is within the coverage, and not in excess of the applicable limits of an insurance policy to which this subtitle applies, issued by an insurer, if such insurer becomes an insolvent insurer after July 1, 1971, and (1) the claimant or insured is a resident of this State at the time of the insured event; or (2) the property from which the claim arises is permanently located in this State. "Covered claim" shall not include any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise.] "COVERED CLAIMS" MEANS OBLIGATIONS, INCLUDING UNEARNED PREMIUMS, OF AN INSOLVENT INSURER WHICH (1) ARISE OUT OF THE INSURANCE POLICY CONTRACTS OF THE INSOLVENT INSURER ISSUED TO RESIDENTS OF THIS STATE OR WHICH ARE PAYABLE TO RESIDENTS OF THIS STATE ON BEHALF OF INSURED OF THE INSOLVENT INSURER, (2) WERE UNPAID BY THE INSOLVENT INSURER, (3) ARE PRESENTED AS A CLAIM TO THE RECEIVER IN THIS STATE OR THE ASSOCIATION ON OR BEFORE THE LAST DATE FIXED FOR THE FILING OF CLAIMS IN THE DOMICILIARY DELINQUENCY PROCEEDINGS, (4) WERE INCURRED OR EXISTED PRIOR TO, ON, OR WITHIN 30 DAYS AFTER THE DATE THE RECEIVER WAS APPOINTED, AND (5) ARISE OUT OF POLICY CONTRACTS OF THE INSOLVENT INSURER ISSUED FOR THE KINDS OF INSURANCE TO WHICH THIS SUBTITLE APPLIES. "COVERED CLAIM" DOES NOT INCLUDE ANY AMOUNT DUE ANY REINSURER, INSURER, INSURANCE POOL, OR UNDERWRITING ASSOCIATION, AS SUBROGATION RECOVERIES OR OTHERWISE.

506.

There is created a nonprofit unincorporated legal entity to be known as the Maryland Insurance Guaranty Association. All insurers defined as member insurers in § 505(e) shall be and remain members of the Association as a condition of their authority to transact insurance in this State. The Association shall perform its functions under a plan of operation established and approved under § 509 and shall exercise its powers through a board of directors established under § 507. For purposes of administration and assessment, the Association shall be divided into [three] FOUR separate accounts: (1) the title insurance account; (2) the surety insurance account; (3) wet marine and transportation insurance account; and (4) the account for